

ISLE OF ANGLESEY COUNTY COUNCIL

COMMITTEE:	AUDIT COMMITTEE
DATE:	11 DECEMBER 2013
TITLE OF REPORT:	GOVERNANCE AND ASSURANCE UPDATE
PURPOSE OF REPORT:	TO OUTLINE CONTEXT AND PRESENT ACTION PLAN FOR MONITORING
REPORT BY:	DEPUTY CHIEF EXECUTIVE
ACTION:	CONSIDER AND COMMENT

1. Background

- 1.1 This report provides information on developments in relation to the assessment of corporate governance in Welsh Local Authorities (LAs) and gives the Committee an updated action plan resulting from the Review of the Council's Governance Framework and the Annual Governance Statement (AGS) 2012/13.
- 1.2 The purpose is to support the Audit Committee's role in the Council's overall governance arrangements and to enable the Committee to obtain assurance that the identified improvements are appropriate and that they are implemented effectively.
- 1.3 The Audit Committee, at its meeting in July considered a report on the Review of Governance and AGS and accepted my recommendation on the role of the Committee. It requested that the "Deputy Chief Executive ... provide the Audit Committee with regular updates on the Governance Action Plan."
- 1.4 This is the first monitoring report for the new Governance and Assurance Action Plan and members are asked to consider progress and make comments.

2. Context

- 2.1 The requirement that local authorities conduct the Review of Governance has grown out of a requirement in the Accounts & Audit Regulations that "each local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control." Since 2011 the requirement has been broadened to include aspects of governance wider than internal control including assurance around the Council's vision and its outcomes for the public.
- 2.2 Professional guidance and published guidance in other parts of the UK public sector is emphasising the need for an assurance framework to underpin the governance framework.

2.3 The Auditor General for Wales has emphasised his view that the Review of Governance is aligned with assessment requirements under the Local Government Measure (LGM) and that Wales Audit Office (WAO) must audit arrangements within local authorities to meet LGM duties. He has also signalled a willingness to place reliance on a local authority's own assessment. Guidance is awaited from WAO's Good Practice Exchange early next year.

3. Expected Corporate Assessment

3.1 From 2013-14, WAO is undertaking a rolling programme of corporate assessments of LAs in Wales, based on a four-year cycle. This means that, in addition to an annual programme of improvement studies and audits of authorities' approach to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, WAO will keep track of developments through progress updates.

3.2 The first report was published in September 2013 on Newport City Council. The first in North Wales is at Conwy with the fieldwork done in November 2013. Anglesey's review is likely to be towards the end of 2014 (the third in North Wales).

3.3 The purpose of the Corporate Assessment Report is to provide a position statement of LAs capacity and capability to deliver continuous improvement. It reports on the council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions. The breadth of the assessment can be seen in the Question Hierarchy attached as Appendix A. Fieldwork for the corporate assessment focuses on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. It is not sufficient that arrangements are merely in place, as those arrangements must be effective in enabling improvement.

3.4 Our understanding is that as well as being informed by the work of regulators and inspectors and available data, the assessment will be informed by the authority's own mechanisms for review and evaluation. These include, but are not limited to:

- the Annual Governance Statement and its review of effectiveness;
- the activities and outputs of scrutiny committees;
- the work of the Audit Committee;
- the work of internal audit;
- the authority's own assessment of performance as required by the Local Government (Wales) Measure 2009;
- management information and reports;

- complaints, correspondence, Ombudsman reviews, whistleblowing etc; and
- the authority's assessment of progress in meeting equalities duties and objectives.

Over time, it is expected that the work of regulators will allow the Auditor General to take a view as to whether he can place reliance upon these self-evaluations.

- 3.5 Our proposed assurance framework and the implementation of broader and more robust self-assessments will put the Council in a far better position to prepare for the Corporate Assessment and to respond to the inspection.

4. Action Plan

- 4.1 The intention is that the Governance and Assurance Action Plan is not a static document and that it will be updated as work is completed and as other governance related gaps and risks are identified. It is firmly based on the draft AGS considered by the Committee in July which included a schedule of action points broken down into three sections:

- **Significant Governance Issues** which were subsequently included in the published AGS and which, by their nature, already have formal monitoring arrangements.
- **Issues arising from the Governance Framework and the Review** which will, if implemented effectively, achieve compliance with the new expectations of WAO. This part of the action plan will be developed as the Council adopts its Assurance Framework to support its self-assessments.
- **Other development areas** mainly falling out the Transformation Plan or already agreed by Management in response to Internal Audit reports and Regulators' reports.

- 4.2 The following issues have been added in to the July draft action list:

- **(16) The need to strengthen Target Setting** – which was identified in discussion at the Performance Review Group and which is being progressed through the current corporate planning process.
- **(17) The need to strengthen Grants Claim processes** – which was omitted in error as the issue had been highlighted by External Audit in the Annual Audit Letter and an action plan had already been agreed by Management. The Committee is already receiving reports on this issue.
- **(18) Respond to WAO's report on scrutiny and the issues raised by the authority's own self-assessment** – a change to the AGS between

draft and final versions as the report was made available after our deadline for the draft statement.

- **(19) Capacity and Capability in Corporate Services** – add back an item that had been closed as it is still included in WAO’s list of open “proposals for improvement”.

No items have been deleted from the July draft as yet even though a number have been completed and marked complete. This approach will enable the Committee to obtain assurance of progress over time and ensure that there is an audit trail if items are reprioritised. It will also reflect agreed progress on the more significant governance related recommendations made by regulators (item 14 in the action plan).

5. Progress

5.1 The updated action plan appears as Appendix B. Completed items are shown as ✓. Arrangements are now in place for a number of other development areas but need to be reviewed for effectiveness **(M)** before being signed off as complete.

5.2 Good progress is being made on two of the three Significant Governance issues:

- the programme management framework and transformation boards (1) are now in place and starting to deliver projects, although the action to increase capacity has slipped; and
- the ICO report (3) is issued, the action plan approved and funded, and the project board is in place.

and some progress is being made on the actions designed for planning and delivering required savings.

5.3 Progress is also being made on developing the assurance framework and mapping the sources of assurance. Discussions have been held about streamlining the self-evaluation and planning aspects of the annual review.

5.4 A number of items have been on hold awaiting the new management structures and the filling of key posts such as the Corporate Governance Solicitor and will now be programmed.

5.5 A review is being done of the progress on delivering the Transformation Plan to ensure that there is appropriate coverage of all areas. This will be informed by and will feed back into the action of reviewing the processes underpinning the Transformation Boards.

6. Recommendation

6.1 That the Audit Committee:

- notes the scope and timetable of the expected Corporate Assessment;
- notes the Governance and Assurance Action Plan, considers the progress made, and makes comments.

**EINIR WYN THOMAS
HEAD OF SERVICE**

4 DECEMBER 2013

Overview Question Hierarchy for Corporate Assessment

<p>Is the authority capable of delivering its priorities and improvement outcomes for citizens?</p>
<p>1. Is the authority making progress on achieving its planned improvements in performance and outcomes?</p> <p>1.1 Is the authority helping to deliver better outcomes for people who live in the area?</p> <p>1.2 Is the authority delivering better results for service users?</p>
<p>2. Does the authority's vision and strategic direction support improvement?</p> <p>2.1 Does the authority establish a clear vision and sense of purpose which reflects local needs, the views of local people, national priorities, and will secure improved outcomes effectively?</p> <p>2.2 Does the authority demonstrate open and inclusive leadership, which is focused on securing continuous improvement in staff performance, partnership working, and outcomes for citizens?</p>
<p>3. Do the authority's governance and accountability arrangements support robust and effective decision making?</p> <p>3.1 Do clear roles and responsibilities enable good governance and strong accountability?</p> <p>3.2 Do elected members and officers exhibit appropriate values and behaviour?</p> <p>3.3 Are there adequate arrangements in place to support members and senior officials to be effective in their role?</p> <p>3.4 Is decision making across the authority robust and effective?</p> <p>3.5 Do challenge, scrutiny and review processes ensure a range of informed views are sought and actively considered to aid decision making and improvement?</p> <p>3.6 Does the engagement that the authority has with its stakeholders support real accountability?</p> <p>3.7 Does the authority ensure that effective governance and accountability is maintained when the authority delivers services through companies, trusts or other external entities?</p>
<p>4. Is the authority managing its resources effectively to deliver its planned improvements in performance and outcomes?</p> <p>4.1 Are Council services continuing to deliver their statutory obligations and improvement objectives with fewer resources?</p> <p>4.2 Does the Council have effective arrangements in place to manage and utilise its workforce?</p> <p>4.3 Do the authority's asset management arrangements support robust and effective decision making and improvement?</p> <p>4.4 Is the authority's approach to using technology positively supporting Improvement?</p> <p>4.5 Is the authority's approach to Information Management positively supporting improvement?</p>
<p>5. Are the authority's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?</p> <p>5.1 Is it clear what the collaboration is intending to deliver?</p> <p>5.2 Is the collaboration resilient and sustainable?</p> <p>5.3 Are resources managed effectively?</p> <p>5.4 Is there a clear performance management framework/system and is performance managed well?</p> <p>5.5 Is the collaboration delivering improved outcomes?</p>

6. Is the authority effectively managing its improvement programme?

6.1 Do the authority's improvement planning arrangements support robust and effective decision making and improvement?

6.2 Do the authority's performance management arrangements support robust and effective decision making and improvement?

6.3 Do the authority's risk management arrangements support robust and effective decision making and improvement?

6.4 Does the authority have clear and robust processes and systems to support effective public performance reporting?

DRAFT

Governance and Assurance Action Plan December 2013 Audit Committee						
Issue	Ref	Actions Identified	Lead Officer	Target Date	Status as at November 2013	
Significant Governance Issues						
The need to ensure that the Transformation Programme is delivered as planned while continuing to provide services effectively;	1.1	Establish Transformation Boards; Programme Management Office and Governance arrangements.	Corporate Programme Manager	September 2013	Complete - will need to review processes for starting and reporting projects and the relevant governance arrangements	✓
	1.2	Developing internal capacity to support transformation and improvement.	Deputy Chief Executive	September 2013	Some slippage - reporting to Executive in December 2013	
The need to plan for and deliver the savings required of the Council	2.1	Develop a Medium Term Financial Strategy based on existing plans and projections.	Head of Function (Resources)	tbc	The existing MTFP is being updated quarterly. This will need to be formalised into a published strategy in due course.	
	2.2	Establish the Efficiency Strategy as part of the Council's core strategic plans	Head of Function (Resources)	tbc	This action is currently being scoped.	
	2.3	Introduce Commissioning and Procurement Policy and Strategy	Director of Community / Head of Function (Resources)	July 2014	Draft versions at consultation stage	
Taking appropriate technical and organisational measures against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data	3.1	The Council has accepted a consensual audit by the Information Commissioner.	SIRO	May 2013	Audit conducted in May 2013; Final report received October 2013	✓
	3.2	Establish a project board to implement existing work plans and the recommendations of the Information Commissioner	SIRO	September 2013	Project Board in place; Action Plan agreed; Funding in place	
Governance Framework and Review Issues						
Arrangements for Monitoring the Governance Framework and Action Plan	4.1	Invite Audit Committee to take regular monitoring reports	EWT	July 2013	Audit Committee on 23 July resolved to take regular reports	✓

	4.2	Review Terms of Reference of the Audit Committee to ensure that the Annual Governance Statement (AGS) assurance can be gathered throughout the year	Deputy Chief Executive/ Monitoring Officer	March 2014	Work commencing in light of developing guidance. Awaiting revised CIPFA guidance December 2013	
Achieving a Cohesive Governance Framework	5.1	Broaden the framework to include assurance on the Council's vision and outcomes for the public	EWT	September 2013	Executive Committee on 9 September 2013 adopted a new Local Code of Governance which has broadened the framework	✓
	5.2	Document the framework and ensure that all relevant and current policies, strategies, guidelines and reports are easily accessible	EWT	December 2013	Work in progress	
	5.3	Provide training to managers and staff	EWT/ Head of Profession (HR)	ongoing	Schedule being prepared which incorporates training needs arising from all aspects of this plan	
Streamlining the Self-Assessments	6.1	Decide how to streamline the processes for developing the Corporate Self-Assessment, the AGS and the Improvement Report	EWT	January 2014	Initial discussions in October 2013 Awaiting WAO guidance	
	6.2	Promote greater consistency across services in the quality of self-evaluation	[Deputy Chief Executive]	ongoing	Awaiting new structure	
Evaluating the effectiveness of controls	7.1	Map where the Council gets its assurance in all key governance areas and use it to feed the AGS, linking it with the Internal Audit assurance plan and annual corporate self-assessment	EWT	January 2014	Initial discussion stage and awaiting WAO guidance	
	7.2	Decide how to evaluate controls in assurance framework	EWT	January 2014	Initial discussion stage and awaiting WAO guidance	
Development areas						

Ensure coherent and effective senior management	8.1	Complete the Heads of Service review.	Deputy Chief Executive	October 2013	New structure implemented November 2013 - final vacancies to be filled through external appointments	✓
	8.2	Document and embed roles of Heads of Service and relationship with SLT	Deputy Chief Executive	December 2013	Covered mainly through job descriptions and scheme of delegation; roles to be written up and made available on the intranet; training planned (see 5.3)	
	8.3	Approve a Protocol for Chief Finance Officer to ensure that the Council can show that it complies with the CFO Statement.	Monitoring Officer	March 2014	Work in progress	
Member Development	9.1	Achieve "The Wales Charter for Member Support and Development"	Head of Democratic Services	March 2014	Report on progress to Democratic Services Committee September 2013. Next review to be done based on resolving position of Head of Democratic Services	
	9.2	Deliver the WLGA funded programme on developing the Executive	Chief Executive	October 2013	Programme complete - closure report due for Democratic Services Committee	✓
Developing and embedding the Corporate Performance Management system, Programme Management and the Risk Management system, and ensuring appropriate management information	10.1	Approve and implement a new Performance Management Framework	Deputy Chief Executive	Q1 2013	In place since Q1 2013/14-continue to review effectiveness	M
	10.2	Review arrangements for a web-based performance management system	Business Planning & Programme Manager	January 2014	This has slipped as WG arrangements have taken longer than expected. Task will be commenced once WG proposal is clearer.	
	10.3	Identify current information systems and establish how they integrate with each other, identifying any gaps	Head of Function (Resources)	tbc	This action is currently being scoped.	
	10.4	Embed Risk Management arrangements	Deputy Chief Executive	Ongoing	In place - continue to review effectiveness	M

	10.5	Introduce new Programme and Project Management framework	Corporate Programme Manager	March 2014	Due to start once the review under 1.1 is complete - task being monitored by Business Transformation Board	
	10.6	Introduce Officer group to review and make recommendations on matters relating to performance, projects, action plans and risks	Deputy Chief Executive	Q1 2013	In place May 2013	✓
Strengthening Financial Management Arrangements	11.1	Complete the implementation of new financial systems	Head of Function (Resources)	June 2014	Go live end March 2013. System being developed and refined. First accounts based on the new system to be published as draft by June 2014.	
	11.2	Complete new staff structure for Finance	Head of Function (Resources)	December 2013	Nearly completed – ongoing as far as some posts are concerned as yet to be filled.	
	11.3	Update Financial Procedure Rules	Head of Function (Resources)	March 2014	Financial Procedure Rules (FPR) need to be in line with Contract Procedure Rules (CPR) which are currently being revised and updated. IOACC collaborating with some other NW Authorities on CPRs.	
Ensuring that the basic building blocks of governance are in place consistently across departments and ensuring compliance	12.1	Ensure consistent absence and sickness management	Head of Profession HR	Ongoing	Additional support resource in place until March 2013; being monitored through Performance Scorecard	M
	12.2	Increase the percentage of completed individual performance reviews	Head of Profession HR	Ongoing	Being monitored through Performance Scorecard	M
	12.3	Deliver the Development Priorities in the Corporate Communication Strategy	[Deputy Chief Executive]	Review	Recommendations for improving internal communication presented by Communications champions in September 2013 - future programme to be reviewed. Update on consultation and external communication arrangements being prepared.	

	12.4	Prepare and implement Customer Service Strategy	Deputy Chief Executive	2014-15 onwards	This has now been developed into the Customer Service Excellence Board project which is a key project for the Business Transformation Board. The project aims to produce a Full Business case by February 2014	
The continued need to review, and improve, the governance arrangements for partnership and collaborative working and to raise awareness and ensure compliance by officers	13.1	Identify relevant partnership arrangements	EWT	December 2013	In progress	
	13.2	Provide guidance to staff and members on setting up and managing partnerships	EWT	March 2014	Model obtained - content scoped and agreed	
	13.3	Establish a new Scrutiny Committee focused on Partnerships and Regeneration	Monitoring Officer	Q1 2013	In place for new Council	✓
	13.4	Update Financial Procedure Rules, Contract Procedure Rules, Schemes of Delegation	See above / Monitoring Officer	2013/14	Forms part of a programme of work to update the Constitution	
	13.5	Review and update the Constitution for partnership and collaborative working	Monitoring Officer	March 2014	Follows from 13.1/13.2	
	13.6	Introduce Commissioning Policy and Strategy	As 2.3 above	As 2.3 above	As 2.3 above	
The need to manage reports by external audit and other regulators on a corporate basis and ensure appropriate response	14.1	Implement system for identifying regulatory work across the Council	[Deputy Chief Executive]	March 2014	Improvements made in 2012. Discussions commenced on formalising and documenting the arrangements.	
	14.2	Implement register of Regulators' recommendations and ensure monitoring of progress in line with internal audit recommendations	[Deputy Chief Executive]	March 2014	Improvements made in 2012. Discussions commenced on formalising and documenting the arrangements.	
	14.3	Introduce Officer group to review and make recommendations on the regulators' programmes and progress against agreed actions	[Deputy Chief Executive]	March 2014	Improvements made in 2012. Discussions commenced on formalising and documenting the arrangements.	

The Council has no complete and formally approved Business Continuity Plan or ICT disaster recovery plan	15.1	Draw up Service Business Continuity Plans	EWT	2014/15	Project being defined for progressing within new management structure	
	15.2	Develop the draft ICT Disaster Recovery Plan for approval	ICT Service Manager	2014/15	Main project being defined as part of the corporate project. Progress being made on high priority items of protecting power supply to key equipment; agreeing staff response arrangements; safeguarding communication lines; off site back up arrangements.	
Need to Strengthen Target Setting	16.1	Ensure that target setting supports the Council's objectives and priorities, is realistically linked to resources, and uses benchmarking and trends data to validate.	[Deputy Chief Executive]	March 2014	The Business Planning and Performance Management arrangements are being modified to enable better and more informed challenge from officers and members - continue to review effectiveness	
Need to strengthen Grant Claim processes	17.1	Complete Grants Action Plan	Grants Coordinator	As action plan	Good progress being made: Workshop held in May and well received; Grants Protocol drafted for review; Internal Audit review of grants processes nearing completion; revised grants instructions will follow.	
WAO's National Scrutiny Report	18.1	Consider result of WAO's National Scrutiny Report and draw up action plan	Head of Function (Legal & Administration)/ Head of Democratic Services	March 2014	The national report is due to be published during November and a joint conference held on 28 November. Proposals for improvement will be drawn up based on the national report and conference.	
Capacity and Capability in Corporate Services	19.1	Work to do to strengthen corporate capacity, particularly around ICT, procurement, asset and information management.	Deputy Chief Executive	March 2014	Progress due to be reviewed following completion of Heads of Service review and appointment into new posts.	